

Message Text

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PAGE 01 USUN N 00906 260041Z
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CAPETOWN FOR EMBASSY

E.O. 11652: N/A
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SUBJECT: SOUTH AFRICAN DEFENCE BONDS

FOLLOWING IS TEXT OF UK MISSION LETTER OF MARCH 21 TO
CHAIRMAN OF UN APARTHEID COMMITTEE, CIRCULATED AS UNGA
DOCUMENT, MARCH 22: QUOTE

I HAVE THE HONOUR TO REFER TO YOUR EXCELLENCY'S TWO LETTERS
TO ME OF 8 MARCH ENCLOSING A REPORT ON THE INVESTMENT BY
BARCLAYS NATIONAL BANK (SOUTH AFRICA) IN SOUTH AFRICAN DEFENCE
BONDS, AND A COPY OF A LETTER FROM COUNTER INFORMATION SERVICES OF
LONDON. MY GOVERNMENT HAS THE FOLLOWING COMMENTS TO MAKE ON THESE
TWO REPORTS.

THE SPECIAL COMMITTEE IS NO DOUBT AWARE THAT MR. DOLLING, THE
SENIOR GENERAL MANAGER OF BARCLAYS INTERNATIONAL, CALLED ON MR.
ROWLANDS, THE MINISTER OF STATE FOR FOREIGN AND COMMONWEALTH
AFFAIRS, ON 12 JANUARY. THE FOREIGN AND COMMONWEALTH OFFICE ISSUED
UNCLASSIFIED

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PAGE 02 USUN N 00906 260041Z

AN AGREED STATEMENT AFTER THAT MEETING, WHICH READS AS FOLLOWS:

"MR. DOLLING, SENIOR GENERAL MANAGER OF BARCLAYS INTERNATIONAL
EXPLAINED THE RELATIONSHIP BETWEEN BARCLAYS AND ITS SOUTH AFRICAN
SUBSIDIARY: AND THAT DAY-TO-DAY MANAGEMENT INVOLVING THE INVESTMENT
OF LOCAL FUNDS WAS ENTIRELY IN THE HANDS OF THE SOUTH AFRICAN
MANAGEMENT.

HE SAID THAT BARCLAYS WERE DEEPLY CONCERNED AT THE INSENSITIVE NATURE OF THE INVESTMENT IN DEFENCE BONDS AND AT THE NATURE OF THE PUBLICITY GIVEN TO IT BY THEIR SOUTH AFRICAN SUBSIDIARY.

HE ASSURED THE MINISTER THAT THE BANK IS DEEPLY CONSCIOUS OF THE STRENGTH OF PUBLIC FEELING IN THIS COUNTRY ABOUT APARTHEID AND HE GAVE AN UNDERTAKING THAT THE BANK WILL DO WHATEVER POSSIBLE TO ENSURE THAT SUCH ACTION WILL NOT HAPPEN AGAIN."

MR. ROWLANDS REFERRED TO THIS MEETING WHEN HE STATED IN THE HOUSE OF COMMONS ON 25 JANUARY THAT MR. DOLLING HAD TOLD HIM THAT IT WAS THE POLICY OF BARCLAYS INTERNATIONAL TO DO WHATEVER POSSIBLE TO ENSURE THAT SUCH ACTIONS WOULD NOT RECUR, AND THAT HE HAD NO REASON TO DOUBT THE BANK'S DETERMINATION TO IMPLEMENT ITS OWN POLICY IN THIS RESPECT.

REFERENCE IS MADE IN THE REPORT OF THE SPECIAL COMMITTEE ON THIS QUESTION (A/AC.115/L.455) TO AN INTERVIEW OF MR. DOLLING BY THE JOHANNESBURG SUNDAY TIMES. IT IS NOT FOR MY GOVERNMENT TO COMMENT ON INTERPRETATIONS IN THE SOUTH AFRICAN PRESS OF COMMENTS MADE IN THE UNITED KINGDOM OR IN SOUTH AFRICA BY OFFICIALS OF BARCLAYS INTERNATIONAL. THE SPECIAL COMMITTEE WILL NO DOUBT BEAR IN MIND THE AUDIENCE TO WHICH SOUTH AFRICAN NEWSPAPERS ARE DIRECTED.

THE STATED POLICY OF MY GOVERNMENT IS NOT TO PLACE RESTRICTIONS ON THE NORMAL OPERATIONS OF BRITISH BANKS IN SOUTH AFRICA IN THE CIVIL SPHERE. MY GOVERNMENT DOES, HOWEVER, EXPECT BRITISH BANKS WITH INTERESTS IN SOUTH AFRICA TO SHOW A PROPER SENSITIVITY TO THE UNCLASSIFIED

UNCLASSIFIED

PAGE 03 USUN N 00906 260041Z

SPIRIT OF BRITISH GOVERNMENT POLICY IN THEIR OPERATIONS THERE.

I SHOULD NOW LIKE TO REFER TO THE ALLEGATIONS OF COUNTER INFORMATION SERVICES. IT IS QUITE INCORRECT TO SUGGEST THAT SOUTH AFRICA IS GIVEN ANY SPECIAL STATUS WHERE THE EXPORT OF ARMS FROM THE UNITED KINGDOM IS CONCERNED. GROUP 1 OF THE EXPORT OF GOODS (CONTROL) ORDER 1970 LISTS A WIDE RANGE OF AIRCRAFT, ARMS, MILITARY STORES AND APPLIANCES, ALL OF WHICH REQUIRE EXPORT LICENCES TO ALL DESTINATIONS INCLUDING SOUTH AFRICA. THE ORDER ALSO CONTROLS A NUMBER OF OTHER GOODS, MAINLY OF AN INDUSTRIAL NATURE, FOR REASONS OTHER THAN ARMS CONTROL. IT IS TRUE THAT THE EXPORT OF SOME OF THESE GOODS TO SOUTH AFRICA DOES NOT REQUIRE A LICENCE. BUT IF ANY ITEM FALLS WITHIN A DESCRIPTION OF THESE INDUSTRIAL GOODS, AND ALSO WITHIN A DESCRIPTION ON THE LIST OF ARMS, MILITARY STORES AND APPLIANCES, THEN A LICENCE IS REQUIRED BECAUSE ARTICLE 9 OF THE ORDER CLEARLY PROVIDES THAT THE WIDER MEASURE OF CONTROL SHALL APPLY IN SUCH CASES OF OVERLAPPING DESCRIPTIONS. THE CONTROL ON ARMS AND MILITARY EQUIPMENT UNDER GROUP 1 OF THE 1970 ORDER FULLY MEET OUR COMMITMENT TO IMPLEMENT

AN ARMS EMBARGO. ALL THESE ITEMS ARE UNDER CONTROL TO SOUTH AFRICA.

I TURN NEXT TO THE ALLEGATION THAT "THE EMBARGO IS ALSO EVADED BY ALLOWING MANUFACTURE UNDER LICENCE OR BY SETTING UP SUBSIDIARIES IN SOUTH AFRICA". I SHOULD LIKE TO REFER THE SPECIAL COMMITTEE TO A STATEMENT MADE IN THE HOUSE OF COMMONS ON 8 FEBRUARY BY DR. GILBERT, MINISTER OF STATE FOR DEFENCE. DR. GILBERT SAID:

"HER MAJESTY'S GOVERNMENT OBSERVE THE UNITED NATIONS EMBARGO ON THE SUPPLY OF ARMS TO SOUTH AFRICA. THIS EMBARGO DOES NOT SPECIFICALLY PROHIBIT THE SUPPLY OF INFORMATION OR THE GRANTING OF MANUFACTURING LICENCES. THE GOVERNMENT HAVE NO GENERAL POWER EITHER TO INTERFERE WITH THE EXPORT OF INFORMATION TO SOUTH AFRICA OR TO PREVENT THE MANUFACTURE OF ANY PRODUCT BY FIRMS, INCLUDING UNITED KINGDOM SUBSIDIARIES, IN THAT COUNTRY. NEVERTHELESS, WE WOULD BE SERIOUSLY CONCERNED IF BRITISH FIRMS WITH INTERESTS IN SOUTH AFRICA ACTED IN A MANNER WHICH WAS PLAINLY CONTRARY TO THE

UNCLASSIFIED

PAGE 04 USUN N 00906 260041Z

SPIRIT OF GOVERNMENT POLICY. WE EXPECT THEM TO SHOW PROPER SENSITIVITY IN MATTERS OF THIS KIND."

THE LETTER FROM COUNTER INFORMATION SERVICES ALSO REFERS TO THE MANUFACTURE IN SOUTH AFRICA OF INTEGRATED CIRCUITS UNDER LICENCE FROM PLESSEY. IT IS NOT MY GOVERNMENT'S POLICY TO RESTRICT NORMAL CIVIL TRADE WITH OR INVESTMENT IN SOUTH AFRICA OUTSIDE THE SCOPE OF THE UNITED NATIONS ARMS EMBARGO. THE ENQUIRIES THAT MY GOVERNMENT HAS MADE FOLLOWING THE PRODUCTION OF COUNTER INFORMATION SERVICES' REPORT SUGGEST THAT THE INTEGRATED CIRCUITS PRODUCED IN SOUTH AFRICA UNDER LICENCE FROM PLESSEY ARE OF A GENERAL NATURE AND DO NOT HAVE EXCLUSIVELY MILITARY APPLICATIONS. MY GOVERNMENT HAS NO EVIDENCE TO SUBSTANTIATE THE ALLEGATION THAT THE SOUTH AFRICAN DEFENCE FORCES ARE THE ONLY CUSTOMER FOR THESE CIRCUITS.

I TURN NOW TO THE ALLEGATIONS MADE AGAINST A UNITED KINGDOM ELECTRONICS COMPANY, RACAL ELECTRONICS. MY GOVERNMENT REGARDS THESE ALLEGATIONS AS A CONFUSED ATTEMPT TO CAST UNWARRANTED DOUBT ON ITS POLICIES. THE LETTER MAKES NO DISTINCTION BETWEEN RACAL (UK) AND RACAL (SA). RACAL (UK), LIKE ANY OTHER BRITISH COMPANY, IS SUBJECT TO MY GOVERNMENT'S EMBARGO ON ARMS SALES, WHICH WOULD COVER THE SUPPLY, FOR EXAMPLE, OF MILITARY RADIOS FOR TANKS. RACAL (SA) IS A SOUTH AFRICAN COMPANY OVER WHICH THE BRITISH GOVERNMENT HAS NO CONTROL. MUCH OF THE EQUIPMENT MANUFACTURED BY THAT COMPANY IS DESIGNED AND DEVELOPED IN SOUTH AFRICA AND NOT UNDER A UNITED KINGDOM LICENCE. RACAL (UK) IS REPORTED TO HAVE SAID THAT IT WOULD NOT BE A PARTY TO THE SUPPLY OF RACAL PRODUCTS TO SOUTH AFRICA.

ALTHOUGH YOUR EXCELLENCY HAS NOT RAISED THE MATTER FORMALLY WITH

ME, I SHOULD LIKE TO TAKE THE OPPORTUNITY OF THIS LETTER TO
COMMENT UPON PARAGRAPH 47 OF THE SUMMARY RECORD OF THE MEETING OF
THE SPECIAL COMMITTEE AGAINST APARTHEID OF 7 MARCH (A/AC.115/SR.342).
THIS PARAGRAPH MENTIONS A REPORT OF THE ANTI-APARTHEID
MOVEMENT AND THE HASLEMERE GROUP ON THE ACTIVITIES OF SHELL AND
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PAGE 05 USUN N 00906 260041Z

BRITISH PETROLEUM IN SOUTH AFRICA. WHILE I HAVE NOT SEEN
THIS REPORT, I NOTE THAT IT ALLEGES THAT THE TWO COMPANIES
CONCERNED WERE VIOLATING SANCTIONS AGAINST SOUTHERN RHODESIA. IN
ANSWER TO QUESTIONS ON THIS MATTER, MR. ROWLANDS STATED IN THE
HOUSE OF COMMONS ON 2 MARCH THAT THE GOVERNMENT WOULD LOOK
SERIOUSLY AT THE EVIDENCE QUOTED IN THE REPORT, IN ACCORDANCE WITH
ESTABLISHED PROCEDURES, AND THAT IT WOULD TAKE APPROPRIATE
ACTION IF THERE WAS ANY EVIDENCE OF SANCTIONS VIOLATIONS.

IN CONCLUSION, I SHOULD LIKE TO REITERATE TO YOUR EXCELLENCY
THAT MY GOVERNMENT IS TOTALLY COMMITTEE TO IMPLEMENTING ITS
UNDERTAKINGS IN RESPECT OF THE UNITED NATIONS ARMS EMBARGO, AND
THAT IT IS SURPRISED THAT ITS COMMITMENT SHOULD APPARENTLY BE
DOUBTED BY THE ORIGINATORS OF THE REPORTS BEFORE THE SPECIAL
COMMITTEE.

I AVAIL MYSELF OF THIS OPPORTUNITY TO RENEW TO YOUR EXCELLENCY
THE ASSURANCES OF MY HIGEST CONSIDERATION.

(SIGNED) IVOR RICHARD
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YOUNG

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